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January 17, 1972

ANALYTICAL SUMMARY  
POSTWAR ISSUES IN SOUTH ASIA

The purpose of this memo is to address US posture toward South Asia in the wake of the war. It draws on the papers that have been produced in response to assignments made at the last WSAG on the subject, but it also covers in its second half some of the broader issues that must be dealt with in developing a policy framework; working from State's options.

What follows, therefore, is in two main sections. The first, "Summary of the Papers," is a brief guide to the essence of the papers at the following tabs. The second, "Issues in Establishing a Postwar Posture," discusses general options and two possible strategies in the present situation. It describes how a choice between two possible postures would affect decisions on the issues dealt with in the papers. This by itself is not intended as a decision document but rather as a framework within which decisions can be handled as they come up. [Letters from Heath and McMahon--last two tabs--can be answered in light of guidance on this issue.]

SUMMARY OF THE PAPERS

At tabs following are papers that have been prepared dealing with the principal issues in the wake of the war in South Asia.

A. Recognition. This State Department paper, "US Relationship with Bangladesh," recommends delaying recognition for "at least a month" to give Bhutto a chance to sort out his own relationship and to see how the government in Dacca establishes itself. We would try to maintain our consulate in the meantime. Beyond that period, the paper recommends "relatively early recognition" to offer Bangladesh an alternative to exclusive dependence on the USSR, but it does not address the precise criteria for judging when the moment for recognition has arrived.

B. Humanitarian Assistance. US willingness to participate in a UN food relief program has been established by separate memoranda from Maury Williams, from State and from you to the President at this tab. They are included here for the sake of easy reference. Since the US posture is to put any US assistance in the context of an international program under the UN, amounts and timing will still be the subject of continuing discussion. [Bhutto has been informed of this and of our readiness to send an initial shipment of \$35 million in PL 480 to West Pakistan.]

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C. Economic Aid Policy -- Pakistan and India. We have informally a paper by Maury Williams. He suggests a two-phased policy. In the first, the short-term, he recommends:

--For West Pakistan, a new PL 480 agreement of about \$25 million in wheat and \$10 million in edible oil. [This is already in process.]

--For India, no new development aid until political policy becomes clearer but lift the war-related suspension of prior year pipeline commitments. An alternative step which could be considered would be to conclude the current year PL 480 agreement which was held up before the war. Williams' thought in proposing some such move unblocking old aid is to provide some signal "that we have not closed the book regarding a final settlement, that they have an opportunity to seek improved relations and that we wish to see more of their intentions." This is against a background of reports from Delhi and the Indians are debating among themselves how to deal with US aid programs. State has argued against (presumably to avoid appearing pro-Indian).

In the longer term:

--For West Pakistan, prospect of new development aid in the context of a new development plan worked out with the World Bank, drawing consortium members back into play.

--For India, new aid should not be committed until India's longer term stance is clearer and then should be skewed toward agricultural development.

D. Military Supply. There are two separate problems covered in three papers:

1. Military supply policy.

--Defense Department's options paper reviews arms supply policy since 1965 and presents the following options:

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--For Pakistan: (1) maintain the present embargo for a time; (2) restore the April 1967 policy allowing the sale of non-lethal end-items as well as lethal and non-lethal spares; (3) renew the one-time exception offer along with the 1967 policy; (4) reinstate a policy of major supply of all military items on either a grant or sales basis.

--For India: (1) maintain embargo; (2) permit only the completion of projects under the \$17 million loan for troposcatter equipment; (3) return to the 1966 policy permitting the sale of non-lethal end items and spares only; (4) reinstate the April 1967 policy allowing the sale of lethal spares as well as non-lethal items.

--For Bangladesh: (1) wait and see; (2) in time offer a small program such as some US training.

Defense recommends that we postpone for now any move toward restoration of the military supply pipeline for any South Asian country. In time, a renewed military supply program might aim at modernizing Pakistan's obsolescent inventory of offensive equipment. [India will regard any such move as a major indicator of basic US policy.] In time, a renewed program for India should be limited to the commercial or cash sale of non-lethal material only (C-119 transport spares and troposcatter communications). For Bangladesh, we should postpone any decision indefinitely.

A State Department memo recommends holding to present policy for now, while recognizing that in time we will have to come to grips with Pakistan's replacement problems and with the problem of what size military Pakistan can now afford.

2. Pakistani request. Ambassador Raza has made an oral request for a small amount of military supplies which include (1) several munitions list items and (2) some items not on the munitions list which are covered by Commerce Department licenses. The latter are dealt with in a separate memo to you. The former can be dealt with only in the context of setting postwar supply policy.

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E. Disengagement. The State paper, "Problems of Disengagement and Withdrawal," deals with three questions:

--How to arrange troop withdrawals to pre-war lines on the western front and whether expansion of the UN military observer group is essential. The paper recommends leaving the issue to India and Pakistan in the first instance, but supporting a Pak request for observers or for a military representative to draw up a timetable and mechanism for withdrawal. It does not deal with the question of how long we should let the ceasefire without withdrawal drag on before becoming more active.

--Indian withdrawal from East Bengal is a different problem from disengagement and withdrawal in the west because the Indian army's presence may be the only alternative to a breakdown in law and order for some time. The army is committed to the protection of minorities. On the other hand, it is desirable over the longer term for East Bengal not to remain an occupied client state. The State paper says only that we should consider an explicit relationship of our aid policies to Indian withdrawal.

--Repatriation of West Pakistanis will hopefully proceed with ICRC help, but the question of war crimes may become an issue.

#### ISSUES IN ESTABLISHING A POSTWAR POSTURE

It will be desirable to deal with the above decisions within some sort of strategy framework rather than to try to decide them one by one. Presumably, it will be desirable to have a strategy set before the trip to China. The State Department options paper [see tab] discusses four options. Following are: (1) a brief description of State's four general options; (2) some working assumptions about the present situation and big-power interests in it [drafted by Saunders for discussion purposes]; (3) two possible strategies derived from the most realistic of the general options for near-term guidance in making the operational decisions we face over the next two months or so. [Secretary Rogers in a memo to the President recommends that the State options paper be the centerpiece of an early NSC discussion.]

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Four Options--State Department Paper

For the sake of discussion, the State Department has identified four possible general US postures over the long term in South Asia:

1. Build up a counterweight to Soviet-backed India, mainly by a closer relationship with China and West Pakistan in South Asia. Looking on a broader area, one could think of Pakistan strengthening its relations with Iran, Saudi Arabia, Jordan and Turkey. In a strange way, even Israel would be part of that picture. Such a combination would begin to look like a new lineup similar to CENTO against the Soviet thrust into the Indian Ocean. It remains to be seen whether Bhutto himself will want to take such a line, since it would be a reversal of his earlier policy of trying to maintain a relationship with the USSR as well as with China and the US.
2. Build South Asian counterweights to India--concentrating on cementing our relationship with Pakistan; providing Bangladesh an alternative to dependence on India and the USSR; letting the parallelism between China's interests and ours take a natural course rather than actively pressing it. This approach would be based on the assumption that a strategy built principally on West Pakistan would not be a sufficient counter to India and that even China, while seeing major importance in its relationship with West Pakistan as an outlet on the Indian Ocean, would see an important interest in movement by Bangladesh toward greater independence of India and the USSR. It also would assume that US interests elsewhere in the broader Indian Ocean area--e.g. Southern Arabia, Persian Gulf Palestinians, East Africa--are not parallel with China's and that a parallelism of interests in South Asia should be used for what it is worth but not pushed too far. Presumably Pakistan will have at least an economic interest in relations with Bangladesh.
3. Build a relationship with each of the South Asian entities without seeking a special relationship with any. This would permit full economic assistance to Pakistan but would limit our military supply relationship. Restoration of the Indian economic assistance relationship could be gradual, and the nature of the relationship itself could be different from the past; but we would move toward a serious relationship rather than letting the present suspended relationship persist. We would move gradually into some relationship with Bangladesh.

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4. Build toward a primary relationship with India on grounds that it is likely to be the most stable and effective South Asian power. This seems only a theoretical possibility at this point. Even if this approach were taken, it could not be done in the immediate future, but it might set the tone for some steps taken now. While this is not a course this Administration is likely to take, it must be discussed if for no other reason than that it reflects the views of many in the US as the alternative to the course the Administration has followed.

Working Assumptions about Present Situation

Rather than sketch out endless pros and cons on the above options, it seems worth trying to set down some judgments about the present situation. These are purely Saunders' and are open to argument, but arguing them tends to narrow the options.

--The USSR is engaged in a thrust to establish a strong position in the Middle East and Indian Ocean areas. Wherever possible, the Soviets are extending military assistance and attempting to translate this into political influence in support of their own ends. In India's case, the Soviets appear motivated by the containment of China as much as anything. Displacement of US influence seems a secondary motive. Corollary to this are the assumptions that it is in the US interest to see this thrust blunted to the extent possible and that China will share this interest, at least in Southern Asia and the Indian Ocean.

--As long as India and Pakistan remain actively hostile toward each other, the pressures from the subcontinent will be to line up the global powers to take sides between the two. Pakistan will continue to take advantage of China's desire to contain India and of the US interest at the moment in not appearing to go back on an ally or to oppose China. Pakistan may in time return to its interest in courting the USSR, but the recent crisis would seem to make that difficult in the immediate future. India will exploit Soviet interest in building on its improved position in the area. India will also presumably continue to have some interest in a reasonable relationship with the US as a balance and even in lessening the strain in its relations with China.

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--Of the three global powers, China seems most inclined toward alignment with Pakistan to contain India because it wants to limit Indian as well as Soviet power throughout Asia. With Bangladesh now independent, China will feel less inhibited in making at least a subversive play for longer-term influence there. It would be important to China to build another counter to India because West Pakistan, even if working with the smaller regional states that fear India, could not offset its power.

--US interests are divided. To begin with, the US is the one global power which does not have an immediate military stake in South Asia and which does not seek an exclusive position of its own-anywhere there. The US has an immediate interest for global reasons in blunting the Soviet thrust. In the long run, US interests would be served if neither the USSR nor China gained an exclusive position. The US has an interest in the political evolution of 500 million Indians. Beyond that, the US on the one hand shares with Pakistan and China an interest in curbing India's power insofar as it is seen as enhancing the global position of the USSR. On the other hand, the US also has an interest in maintaining influence of its own in India. India is an emerging middle level power bent on and capable of playing a pre-dominant regional role and establishing a strongly competitive position throughout Asia. Finally, the new US relationship with China requires that the US not appear to foresake Pakistan or reward India for its recent aggression.

--Bangladesh is a reality. Although it will be slow in establishing sound government and will be a major problem in economic development it is most unlikely to submerge its political identity in even a nominal relationship with Pakistan. It will be the eighth largest nation in the world.

--Pakistan, while at the moment more viable than East Bengal, still has significant centrifugal forces within it. The long-run cohesiveness of Pakistan is still an open question.

If these assumptions stand, they suggest the following judgments [Saunders'] on the four State Department options:

--Option 4, lining up with India, seems out for now at a minimum because the Chinese would question whether such a reversal was the mark of a dependable nation.

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--Option 1, lining up with China and Pakistan against India, seems an unnecessarily sharp drawing of lines when neither the US nor China probably wants to leave India and Bangladesh uncontested to the USSR.

--Option 2, lining up Pakistan and Bangladesh to contain India, again seems to write off India unnecessarily and may be based on unrealistic assumptions about the interest of Bangladesh in taking sides against India soon.

--Option 3, a specially tailored relationship with each of the three states, seems the most realistic.

If option 3--a specially tailored relationship with each state--describes a general strategy, the State Department paper stops too soon. The real issues begin here: What should be the mixture of pressures and inducements on each state? What limits does timing impose?

#### Two Strategies for the Coming Months

Following are two strategies which take into account our basic interests and also reflect the realities of the present situation. Each is developed in terms of the decisions we face over the coming months.

Strategy 1 rests on the judgments that: (a) US credibility cannot be maintained if positions taken during the war (e.g. cut-off of economic assistance, close support for West Pakistan) are reversed quickly; (b) the US has an interest in a viable Indo-US relationship but such a relationship cannot develop until the Indians themselves assess the consequences of too close a relationship with the USSR and actively seek a balancing relationship with the US; (c) our relationship with China requires that we not do anything against Bhutto's wishes. If this strategy were adopted, the following decisions might be made on the concrete issues before us:

A. Recognition of Bangladesh would be delayed until after the China trip and Bhutto finally sorted out his own relationship with Dacca. Circumstances could force a decision sooner, but we would delay as long as possible. Such circumstances might be either a Bangladesh ultimatum to recognize or withdraw our consulate or the requirement to vote on UN membership. At some such point when Bangladesh is clearly functioning as a government

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a technical recognition of practical control probably makes sense. (See E below for relationship to withdrawal of Indian troops.) But by this approach recognition would be at the last moment rather than at an "early" moment (as the State paper at Tab A suggests).

B. Humanitarian Assistance in East Bengal would go ahead but with the US (a) leaving the initiative to the UN and (b) providing a minimum respectable share within an international effort.

C. Economic Assistance. The maximum application of this strategy would be to leave economic assistance to India right where it is today. Even under this strategy, however, there could be an argument for lifting the suspension on past aid on grounds that this might assist those in Delhi who might argue for rebuilding a relationship with the US. With that step taken, however, considerable time could pass before any new development aid was provided. PL 480 might come first. One might in time couple any resumption with a plan to be worked out with the Indians for a total phase-out of development lending over an agreed period.

D. Military Supply. Certainly there would be no resumption of a normal supply relationship with India soon. Supply to Pakistan would be a highly controversial decision--perhaps even politically impossible in Washington--but the emphasis would be to perpetuate the idea of an Indian threat to West Pakistan as long as possible and to go as far as possible--perhaps on a cash-and-carry basis--in letting Pakistan procure here what it needs to modernize its forces.

E. Disengagement. Resumption of normal programs in India would at a minimum be contingent on withdrawal of Indian forces on both eastern and western fronts. It might be that withdrawal from East Bengal should be a condition of recognizing Bangladesh since its government might well be considered not in control as long as Indian occupation continues.

Strategy 2 rests on the judgment that the US has a sufficient interest in the potential power that India represents not to abandon the field to the USSR. The US should certainly not reverse course as if all were forgotten in the wake of the war, but it should give more attention than under Strategy 1 to signals indicating that it does want a relationship with the 600 million people in India and East Bengal. The US

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would not unnecessarily embarrass the Pakistani government and would be helpful within limits, but it would move toward an independent position, not making Pakistani sensitivities the principal touchstone of its policy. In contrast to Strategy 1 which contains some element of China-US-Pakistan alignment against India and the USSR, Strategy 2 would begin to move the US to a more neutral stance with lines to all three of the major South Asian entities. If this stance were used as the framework, specific decisions might be made more along the following lines:

- A. Recognition. The US would give Bhutto the thirty days or so that he asked for plus a little more if it seemed needed and then prepare for recognition when a Bangladesh government seemed clearly in control and when a reasonable number of other countries, including some Asians and Africans, have recognized. Under this strategy, the US would be more inclined to encourage Bhutto to make a clean break if he continued to show signs, after a month, of trying to maintain a one-Pakistan fiction which would linger as a source of continuing tension.
- B. Humanitarian Assistance. The US would start with its present posture of contributing only through the UN and only from the past pipeline. But it would be more likely than under Strategy 1 to consider in February a higher level of financial contribution through the UN and even perhaps some pressure on others to contribute to the international effort.
- C. Economic Aid. Under this strategy, as under Strategy 1, the US would, of course, move back into development assistance to West Pakistan as soon as practicable. In addition, under this strategy, the suspension of past aid to India might be lifted fairly soon to signal that the door is still open. Even under this strategy, however, new development assistance could still be slow in coming.
- D. Military Supply. While the US might consider meeting Pakistan's most pressing replacement needs on the basis of a new "one-time exception" or might even allow both sides to buy here on a cash-and-carry basis, the basic approach would be to get out of military assistance altogether until there is either a framework of Indo-Pakistani reconciliation or some international umbrella for assistance not now conceived.

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E. Disengagement. There would be no difference between Strategies 1 and 2 on the issue of troop withdrawal on the western front. But in East Bengal, the US might be less inclined to insist on withdrawal of Indian troops as a prerequisite to recognition of Bangladesh. Since the US would not be looking for pretexts for delaying recognition, it would be more inclined to recognize the contribution Indian troops might make in (a) protecting minorities and in (b) inhibiting more radical elements from coming to the fore.

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